

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-06 IO-10 ISO-00 SSO-00 NSCE-00

INRE-00 USIE-00 XMB-02 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 PRS-01 SP-02 OMB-01 /105 W

----- 007338

O P 281406Z DEC 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 5461

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION EC BRUSSELS PRIORITY

USMISSION GENEVA

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E.O. 11652 : N/A

TAGS: ENRG, ETRD, FR, EEC, IR

SUBJECT: EC-IRAN PREFERENCE PROPOSAL

REF: A. PARIS 30928 B. STATE 282186

1. SUMMARY: WE HAVE MADE REPRESENTATIONS ON EC-IRAN PREFERENCES TO HIGHEST RANKING MFA OFFICIAL AVAILABLE. OFFICIAL DECLARED THAT CASEY-SOAMES UNDERSTANDING NOT BINDING ON COMMUNITY SINCE COMMISSION HAD NO COUNCIL OF MINISTERS TO ENTER INTO SUCH AN UNDER-LIMITED OFFICIAL USE

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STANDING. HOWEVER, OFFICIAL MADE CLEAR GOF HAD MADE

COMMITMENT TO GOI UNDER STRONG DURESS AND AGAINST ITS OWN WISHES AND HINTED THAT IT WOULD BE EXTREMELY CAUTIOUS IN PURSUING MATTER. WE BELIEVE OUR PROMPT AND FORCEFUL REPRESENTATIONS HAVE GIVEN FRENCH PAUSE. IF FRANCE'S PARTNERS CAN BE INDUCED TO TAKE STRONG LINE AGAINST PREFERENCES FOR IRAN, IT IS POSSIBLE THIS DEVELOPMENT CAN BE NIPPED IN THE BUD. END SUMMARY.

2. IN THE ABSENCE OF BRUNET, E/COM/MIN MADE REPRESENTATIONS PER REFTTEL TO NANTEUIL, BRUNET'S DEPLTY FOR MULTILATERAL, INCLUDING EC, AFFAIRS. HE EXPRESSED OUR ASTONISHMENT THAT GOF OFFICIALS HAD SEEMED UNAWARE THAT COMMITMENT TO SUPPORT IRAN'S REQUEST FOR PREFERENTIAL AGREEMENT WITH EC WAS IN CONFLICT WITH CASEY-SOAMES UNDERSTANDING AND HE READ TO NANTEUIL RELEVANT PASSAGES FROM MARCH 1973 DISCUSSION OF PREFERENCES ISSUE IN US-EC CONSULTATIONS (EC BRUSSELS 1601), HIJZEN'S STATEMENT IN FOLLW-UP TALKS ON PREFERENCES THAT COMMUNITY WOULD ACCEPT GEOGRAPHIC LIMITATIONS (EC BRUSSELS 1993), AND CHEYSSON'S STATEMENT TO US OFFICIALS DURING JULY 29-31, 1974 VISIT TO WASHINGTON (STATE 171057).

2. NANTEUIL TOOK CAREFUL NOTE OF THESE STATEMENTS AND SAID HE WOULD NOT ARGUE THAT IRAN WAS NOT OUTSIDE GEOGRAPHICAL LIMITS COMMISSION HAD ACCEPTED IN DISCUSSIONS WITH U.S. OFFICIALS. HOWEVER, HE EMPHATICALLY DENIED THAT THE CASEY-SOAMES UNDERSTANDING WAS BINDING ON EC MEMBER STATES OR ON THE COMMUNITY. HE SAID ONLY THE COUNCIL OF MINISTERS COULD AUTHORIZE THE COMMISSION TO ENTER INTO AGREEMENTS WITH FOREIGN GOVERNMENTS WHICH WOULD BIND THE COMMUNITY OR MEMBER STATES. HE SAID HE WAS UNAWARE THAT THE COUNCIL HAD EVER GIVEN THE COMMISSION A MANDATE TO AGREE TO GEOGRAPHICAL LIMITATIO/S ON EC PREFERENCES. ON THE CONTRARY, THE ONLY EXPRESSION OF THE COMMUNITY'S OPINION ON THIS QUESTION OF WHICH HE WAS AWARE WENT IN PRECISELY THE OPPOSITE DIRECTION. THIS WAS THE STATEMENT OF THE GLOBAL APPROACH TO EC RELATIONS WITH THE MEDITERRANEAN COUNTRIES AGREED ON BY THE COUNCIL AT ITS 212TH SESSION LIMITED OFFICIAL USE

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ON NOVEMBER 6/7 1972 (COUNCIL OF MINISTERS DOCUMENT R-2611-72, NOVEMBER 30, 1972). NANTEUIL HAD COPY OF THIS DOCUMENT WHICH HE ALLOWED E/COM/MIN TO READ. RELEVANT PASSAGE STATES THAT COUNTRIES BENEFITTING FROM GLOBAL APPROACH ARE LIMITED TO THOSE BORDERING ON THE MEDITERRANEAN, PLUS JORDAN, BUT IT GOES ON TO SAY THAT THE COUNCIL WISHES TO EMPHASIZE THAT IT DOES NOT WISH BY THIS TO EXCLUDE THE POSSIBILITY

OF CONCLUDING ARRANGEMENTS "OF ANOTHER NATURE" WITH OTHER COUNTRIES OF THE MIDDLE EAST. WHEN ASKED HOW HE INTERPRETED THE PHRASE "OF ANOTHER NATURE", NANTEUIL SAID THIS COULD BE ANY TYPE OF AGREEMENT INCLUDING A PREFERENTIAL AGREEMENT.

3. E/COM/MIN COUNTERED NANTEUIL'S STATEMENT BY NOTING THAT PREFERENCES ISSUE HAD LONG BEEN A VEXED QUESTION BETWEEN U.S. AND EC, THAT IT HAD BEEN

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INFO OCT-01 EUR-12 EA-06 NEA-06 IO-10 ISO-00 SSO-00 NSCE-00

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NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 PRS-01 SP-02 OMB-01 /105 W

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O P 281406Z DEC 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 5462

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY LONDON PRIORITY

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DISCUSSED AT GREAT LENGTH AND ON FREQUENT OCCASIONS, AND THAT IT SEEMED INCONCEIVABLE THAT SOAMES COULD HAVE MADE A COMMITMENT OF THIS KIND WITHOUT THE TACIT AGREEMENT OF THE MEMBER GOVERNMENTS. NANTEUIL REPLIED THAT IT WOULD NOT HAVE BEEN THE FIRST TIME THAT SOAMES OR CHEYSSON HAD EXCEEDED THEIR AUTHORITY.

4. E/COM/MIN THEN EXPRESSED OUR CONCERN AT GOF'S FAILURE TO CONSULT U.S., CONTRARY TO USG-GOF UNDER-LIMITED OFFICIAL USE

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STANDING ON IMPROVED USE OF PRIOR CONSULTATIONS ON

ISSUES OF MUTUAL INTEREST. NANTEUIL NOTED THIS POINT BUT DID NOT FEEL ABLE TO COMMENT ON IT.

5. E/COM/MIN THEN PUT TO NANTEUIL THE FOUR QUESTIONS SUPPLIED IN PARA 3 OF REF B. IN REPLY TO THE FIRST QUESTION NANTEUIL FIRST NOTED THAT THE GOF HAD NOT WANTED TO MAKE THIS COMMITMENT TO IRAN BUT HAD YIELDED TO STRONG PRESSURE FROM IRANIANS DURING CHIRAC VISIT. E/COM/MIN OBSERVED THAT ONE OF THE ARTS OF DIPLOMACY WAS TO KNOW HOW TO SAY NO. NANTEUIL REPLIED THAT THE INABILITY TO SAY NO WAS A COMMON HUMAN FAILING. HE ALSO OBSERVED THAT FRANCE HAD ONLY ONE VOTE IN THE COMMUNITY AND COULD NOT DELIVER THE OTHER 8 MEMBERS ON AN ISSUE WHICH THEY OPPOSED. CONSEQUENTLY, THE GOF COMMITMENT TO IRAN WAS NOT WORTH AS MUCH AS IT MIGHT APPEAR. ANSWERING THE QUESTION MORE DIRECTLY, NANTEUIL SAID HE DID NOT SEE HOW THE COMMITMENT TO IRAN COULD BE VIEWED AS CONSTITUTING A BREACH OF CONSUMER SOLIDARITY IN THE ENERGY CRISIS.

6. E/COM/MIN SAID THAT IF INDIVIDUAL CONSUMERS OFFERED SPECIAL DEALS TO PRODUCERS, THEY COULD PRESUMABLY PUT THEMSELVES IN A POSITION TO RECEIVE PREFERENTIAL TREATMENT FROM PRODUCERS. NANTEUIL REPLIED THAT THERE MIGHT HAVE BEEN A DANGER OF THIS IF THERE HAD BEEN AN UNDERSTANDING ON PRICES IN THE GOF-IRAN AGREEMENT. HOWEVER, OIL PRICES HAD NOT ENTERED THE PICTURE AND IT WAS UNTHINKABLE THAT IRAN COULD OFFER PREFERENTIAL PRICE TREATMENT TO THE EC.

7. NANTEUIL SAID HE COULD NOT ANSWER THE SECOND QUESTION RE POSSIBLE REQUEST FOR SIMILAR TREATMENT BY OTHER PRODUCERS.

8. IN REPLY TO THE THIRD QUESTION, NANTEUIL SAID HE

DID NOT THINK THAT THE GOF COMMITMENT TO IRAN HAD ANY
IMPLICATIONS AT ALL FOR THE MTN. ON THE CONTRARY, THE
MTN BY REDUCING TARRIF LEVELS WOULD ERODE VALUE OF
PREFERENCES GRANTED TO DEVELOPING COUNTRIES. E/COM/MIN
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SAID THAT THIS MISSED THE POINT. WHAT WE WERE CONCERNED
ABOUT WAS THE ADVERSE EFFECT FURTHER DISCRIMINATORY
AGREEMENTS COULD HAVE ON THE NEGOTIATING CLIMATE IN THE
MTN AND THE WILL OF THE MAJOR TRADING POWERS TO MAKE
FURTHER SIGNIFICANT PROGRESS IN TRADE LIBERALIZATION.
FOR EXAMPLE, IT WAS EASY TO IMAGINE WHAT THE REACTION
OF CONGRESS WOULD HAVE BEEN IF THE EC HAD PROPOSED A
PREFERENTIAL AGREEMENT WITH IRAN DURING THE DEBATE
ON THE TRADE BILL.

8. IN REPLY TO THE FOURTH QUESTION, NANTEUIL SAID THE
GOF HAD NO PRESENT PLANS TO PURSUE
PREFERENTIAL AGREEMENT WITH IRAN WITHIN THE EC. HE THEN

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STR-01 TAR-01 TRSE-00 PRS-01 SP-02 OMB-01 /105 W

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O P 281406Z DEC 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 5463

INFO AMEMBASSY BONN PRIORITY
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CALLED ATTENTION TO THE LANGUAGE OF THE COMMUNIQUE, EVERY WORD OF WHICH HE SAID HAD BEEN CAREFULLY CHOSEN. THE RELEVANT PASSAGE READS: "IN THIS SPIRIT, THE FRENCH SIDE INDICATED THAT IT WAS DISPOSED TO TAKE THE INITIATIVE TO SUPPORT FULLY THE CONCLUSION OF A MUTUALLY SATISFACTORY AGREEMENT PERMITTING THE DEVELOPMENT OF PREFERENTIAL RELATIONS BETWEEN IRAN AND THE EC". HE NOTED IN PARTICULAR THAT THE COMMUNIQUE DID NOT SAY THAT THE GOF WOULD TAKE THE INITIATIVE IN PROPOSING A PREFER-

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ENTIAL AGREEMENT WITH IRAN BUT RATHER THAT IT WOULD TAKE THE INITIATIVE OF SUPPORTING THE CONCLUSION OF SUCH AN AGREEMENT. HE SAID THAT, WHILE IT MIGHT SEEM LIKE HAIR-SPLITTING, THE DIFFERENCE WAS SIGNIFICANT. WITHOUT SAYING IT IN SO MANY WORDS, HE STRONGLY HINTED THAT THE GOF HAD MADE A COMMITMENT UNDER DURESS WHICH IT REGARDED AS HAVING LARGELY SYMBOLIC MEANING AND THAT IT DID NOT INTEND TO ACTIVELY PURSUE A PREFERENTIAL AGREEMENT WITH IRAN WITHIN THE COMMUNITY.

9. COMMENT: ALTHOUGH NANTEUIL FIRMLY ADHERED TO THE POSITION THAT THE CASEY-SOAMES UNDERSTANDING WAS NOT BINDING ON THE COMMUNITY, WE BELIEVE THAT THE DEPARTMENT'S PROMPT, FORCEFUL REACTION HAS GIVEN THE FRENCH PAUSE. IT IS OBVIOUS THAT THE FRENCH NEGOTIATORS AT TEHRAN HAD COMPLETELY FORGOTTEN THE CASEY-SOAMES UNDERSTANDING, IF INDEED THEY WERE EVEN AWARE OF IT, AND THAT IN ORDER NOT TO JEOPARDIZE THE 35 BILLION FRANC EXPORT PACKAGE WHICH CHIRAC NEGOTIATED THEY GAVE IN ON THE PREFERENCES ISSUE WITHOUT TOO MUCH THOUGHT FOR THE CONSEQUENCES. NOW THAT THE CONSEQUENCES HAVE BEEN BROUGHT FORCEFULLY TO THEIR ATTENTION, WE

BELIEVE THAT THEY WILL BE EXTREMELY CAUTIOUS ABOUT
PROCEEDING TO IMPLEMENT THEIR COMMITMENT TO IRAN.
IF A STRONG SHOW OF OPPOSITION TO PREFERENTIAL TREATMENT
TO IRAN DEVELOPS ON THE PART OF FRANCE'S EC PARTNERS,
IT SHOULD BE POSSIBLE FOR THE FRENCH TO ARGUE WITH
IRAN THAT THEIR INTENTIONS WERE OF THE BEST BUT THAT
THEY LACKED THE POWER TO CARRY THEM OUT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PREFERENTIAL TARIFFS, FOREIGN POLICY POSITION, TRADE AGREEMENTS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 28 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PARIS31074
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740376-0723
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974126/aaaaaevh.tel
Line Count: 339
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 PARIS 30928, 74 STATE 282186
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2002 by boyleja>; APPROVED <25-Sep-2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC-IRAN PREFERENCE PROPOSAL
TAGS: ENRG, ETRD, FR, IR, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005